



# **WORK OPPORTUNITY TAX CREDIT (WOTC)**

**&**

# **WELFARE-TO-WORK (WtW) TAX CREDIT**

## **Procedures Guide for Employers** *(Rev. November 2004)*

Education Cabinet  
Department for Workforce Investment  
Office of Employment and Training  
[www.oet.ky.gov](http://www.oet.ky.gov)



## **CONTENTS**

<b>Introduction</b>	<b>page 2</b>
<b>Legislative Authority</b>	<b>page 2</b>
<b>WOTC Overview</b>	<b>page 3</b>
<b>How WOTC Works</b>	<b>page 4</b>
<b>Eligibility Verification</b>	<b>page 6</b>
<b>WOTC Target Groups</b>	<b>page 7</b>
<b>Qualified Wages and Special Rules</b>	<b>page 10</b>
<b>Kentucky's Federal Enterprise Communities, Empowerment Zones, and Renewal Communities</b>	<b>page 11</b>
<b>Verifying WOTC-Eligibility for <i>Qualified Ex-Felons</i></b>	<b>page 12</b>
<b>Employer Representatives, Contractors, &amp; Consulting Firms</b>	<b>page 13</b>
<b>WtW Tax Credit Overview</b>	<b>page 14</b>
<b>Attachments:</b>	
<ul style="list-style-type: none"><li>• <b>Kentucky 70% LLSIL Table</b></li><li>• <b>Sample IRS 8850 Form</b></li><li>• <b>Sample ETA 9061 Form</b></li><li>• <b>Blank IRS 8850 Form</b></li><li>• <b>Instructions for Form 8850</b></li><li>• <b>Blank ETA 9061 Form</b></li></ul>	

## INTRODUCTION

**The Work Opportunity Tax Credit (WOTC) and Welfare-to-Work (WtW) Tax Credit programs can save employers thousands of dollars.** Both of these federal programs are designed to help people who have consistently had the most difficulty in securing employment move from economic dependency to self-sufficiency. They do this by providing an incentive to employers in the private sector to hire from among several targeted groups of people. This incentive is in the form of a substantial credit against income taxes owed to the Federal government.

The Office of Employment and Training (OET) has primary responsibility for administering the WOTC and WtW Tax Credit programs in Kentucky. The following information is provided as a general program guide for Kentucky employers to use in order to take advantage of these programs. Information contained herein is subject to change without notice as legislative authority is amended. Additional regulatory restrictions may apply in some instances. See IRS Form 5884, *Work Opportunity Credit*, and IRS Form 8861, *Welfare-to-Work Credit*, for more information. Copies of these forms may be viewed on and downloaded from the Internal Revenue Service's website at [www.irs.ustreas.gov](http://www.irs.ustreas.gov).

## LEGISLATIVE AUTHORITY

The Work Opportunity Tax Credit (WOTC) program is a federal program that was created by the *Small Business Job Protection Act of 1996* (PL 104-188). The *Taxpayer Relief Act of 1997* (PL 105-34) reauthorized the WOTC program, made several significant changes in it, and created the Welfare-to-Work (WtW) Tax Credit program. The *Tax and Trade Relief Extension Act of 1998* (PL 105-277) reauthorized and extended both programs through June 30, 1999. The *Ticket to Work and Work Incentives Improvement Act of 1999* (PL 106-170) was signed into law on December 17, 1999 and reauthorized both programs through December 31, 2001. On March 9, 2002, President Bush signed into law the *Job Creation and Worker Assistance Act of 2002* (PL 107-147), reauthorizing the WOTC and WtW Tax Credit programs through December 31, 2003. The *Working Families Tax Relief Act of 2004* (PL 108-311) reauthorized both programs through December 31, 2005.

## WORK OPPORTUNITY TAX CREDIT (WOTC) PROGRAM OVERVIEW

- The WOTC is available to employers who hire individuals from one or more of eight targeted groups, including:
  1. Recipients of AFDC/TANF (welfare payments);
  2. 18-24 year-olds who are members of families receiving food stamps;
  3. Veterans who are members of families receiving food stamps;
  4. People with disabilities who have received services from the Office of Vocational Rehabilitation, the Office for the Blind, and the Veterans Administration;
  5. Recipients of Supplemental Security Income (SSI);
  6. Ex-felons who are members of low-income families;
  7. 18-24 year-olds who live in federal empowerment zones, enterprise communities, and renewal communities;
  8. 16-17 year olds who live in federal empowerment zones, enterprise communities, and renewal communities, and work during the summer;

For complete eligibility criteria see section entitled ***WOTC Target Groups***.

- The maximum tax credit allowed by the WOTC Program is \$2400 per eligible hire. The amount of the tax credit varies depending upon wages paid to and the number of hours worked by the eligible employee. Specifically, for each WOTC-eligible employee who works 400 hours or more, the employer may claim a tax credit equal to 40% of the first \$6000 of qualified wages paid, except in the case of *Qualified Summer Youth Employees*, for whom the tax credit is equal to 40% of the first \$3000 of qualified wages paid. For those who work at least 120 hours, employers may claim a tax credit equal to 25% of the first \$6000 in qualified wages paid, except in the case of *Qualified Summer Youth Employees* for whom the tax credit is equal to 25% of the first \$3000 in qualified wages paid. An employee must work at least 120 hours in order for the employer to claim any tax credit.
- All required forms and related documents must be mailed to the following address:

**Barbara Gilley, WOTC Coordinator**  
**Office of Employment and Training**  
**275 East Main Street, 2W-A**  
**Frankfort, Kentucky 40621**
- Questions regarding the WOTC program in Kentucky may be directed to Ms. Gilley or other program staff at 502/564-7456.

## HOW WOTC WORKS

Employers can take advantage of the WOTC Program in two basic ways. Most often, employers initiate the process by utilizing the IRS 8850 form, *Pre-Screening Notice and Certification Request for the Work Opportunity and Welfare-to-Work Credit*, to determine if a job seeker is *likely* to be WOTC-eligible. The IRS 8850 must be initiated on or before the day the individual is offered employment. Usually, the job seeker is given an IRS 8850 form and asked to complete page 1 of it when he/she completes the company's work application. If, based on the IRS 8850, the employer determines that the individual is likely to be WOTC-eligible and hires him/her, the employer completes page 2 of the form and mails it to the Office of Employment and Training (OET) at the address given on the previous page.

**The employer must mail the completed IRS 8850 to OET within 21 days of the employee's first day of work.** If it is not mailed within 21 days of the employee's start-to-work date, OET must deny the employer's certification request. Furthermore, the IRS 8850 form must be completed fully and accurately, and only forms with original signatures (not copies) shall be accepted. Postmark dates are required to verify timeliness of submission, so forms must be mailed, not faxed. Further, they must be mailed to OET at the address on the previous page, not to OET field offices. **The employer should not submit an IRS 8850 to OET unless he/she has some basis on which to believe that the employee meets the criteria for at least one of the WOTC-qualifying groups, and the IRS 8850 should not be mailed before the employee starts work.**

**In addition, the employer must submit to OET an ETA 9061, *Individual Characteristics Form*, for each employee for whom an IRS 8850 form is submitted.** The main purpose of the ETA 9061 is to specify the WOTC-qualifying group to which the employee belongs. It is not required that the ETA 9061 be mailed with the IRS 8850; however, OET cannot issue the *Employer Certification* form needed by the employer to claim the tax credit until the ETA 9061 has been received. In addition, submitting both of the required forms together expedites processing. Therefore, it is in the employer's best interest to submit the completed ETA 9061 and IRS 8850 together, if possible. **However, under no circumstances should the employer delay mailing the IRS 8850 until after the 21<sup>st</sup> day following the employee's start-to-work date.**

While the IRS 8850 form must be initiated before the individual is hired, it is recommended that the ETA 9061 be initiated after the individual is hired. Employers may execute the ETA 9061 by interviewing the employee either in person or electronically (e.g. via telephone) or by using information obtained from records under the employer's control or other accessible records. Employers have the obligation to notify the employee that the information and supporting documentation collected in executing the ETA 9061 will be used to qualify the employer for a tax credit available through the Work Opportunity Tax Credit program. Page 3 of the ETA 9061 may be used for this purpose. The employee may complete the ETA 9061 himself/herself, but it is recommended that the employer complete the form with input from the employee to ensure accuracy and understanding.

When OET receives the completed IRS 8850 and ETA 9061, they will be checked to ensure that the employer met the 21-day timeliness requirement. Then, OET will attempt to verify that the employee was a member of a WOTC-qualifying group at the time of hire. If both of these conditions are met, OET shall issue to the employer an *Employer Certification* form, ETA 9063, which the employer must have to claim the tax credit.

By the second method of utilizing the WOTC Program, OET field offices and other authorized participating agencies, such as the Office of Vocational Rehabilitation (OVR), determine that certain of their customers are qualified for the WOTC. They issue to these customers *Conditional Certification* forms, ETA 9062, which they may use in their job search efforts. The *Conditional Certification* form serves to make the employer aware that the individual named on it has been pre-determined to be WOTC-eligible. If the employer hires such an individual, he/she must complete Part II of the *Conditional Certification* and an IRS 8850 form and **mail** both forms to OET, **within 21 days of the employee's first day of work**. Usually, individuals with *Conditional Certifications* will also have partially completed IRS 8850 forms with them when they search for jobs.

When OET receives a completed IRS 8850 with a *Conditional Certification*, they will be checked to ensure that the employer met the 21-day timeliness requirement, and OET will attempt to verify that the employee was still a member of a WOTC-eligible group at the time of hire. If both of these conditions are met, OET shall issue to the employer an *Employer Certification*.

It is not required that an ETA 9061, *Individual Characteristics Form*, be submitted with an IRS 8850, if the employer submits a valid *Conditional Certification* form with it. In such cases, the *Conditional Certification* takes the place of the ETA 9061. When the request for certification is based on a valid *Conditional Certification*, usually no additional documentation shall be required of the employer. However, it is possible that an individual for whom a *Conditional Certification* has been issued may become ineligible prior to the expiration date entered on the form (Item #13). For example, an individual determined to be WOTC-eligible based upon residence in a Federal Enterprise Community or Empowerment Zone may become immediately ineligible if he/she relocates. Such cases are rare, but employers who wish to confirm the eligibility of an individual with a *Conditional Certification* should contact the authorized official who issued it (see Items #6 and #7).

Blank copies of the IRS 8850 and ETA 9061 and the instructions for completing them are included at the end of this guide and may be copied for use by employers. The IRS 8850 may also be downloaded from the Internal Revenue Service's website at [www.irs.ustreas.gov](http://www.irs.ustreas.gov), and the ETA 9061 may be downloaded from the U.S. Department of Labor's website at [www.usdoleta.gov/wotcdata.asp](http://www.usdoleta.gov/wotcdata.asp). It is recommended that employers complete identifying information (company name, address, phone number, federal employer identification number, etc.) in the appropriate spaces on both forms before making copies to be distributed to job seekers. Also included at the back of this guide are copies of completed forms using fictitious names/data that employers may use as samples. No copies of the *Conditional Certification* (ETA 9062) or *Employer Certification* (ETA 9063) are included, since employers do not initiate those forms.

## ELIGIBILITY VERIFICATION

Before OET may issue an *Employer Certification*, it must be verified that the individual for whom an IRS 8850 has been submitted met all of the necessary criteria for at least one of the WOTC-qualified groups at the time of hire. In most cases, OET can obtain all of the needed documentation. The employer is not required to submit documentation of eligibility when eligibility is based upon receipt of cash welfare assistance (AFDC/TANF), food stamps, Supplemental Security Income (SSI), or Office of Vocational Rehabilitation (OVR) services when such benefits/services were provided by the Commonwealth of Kentucky. Through cooperative agreements with the Department for Community Based Services (DCBS) and OVR, OET can verify receipt of such benefits/services for employers. OET efforts to obtain such information from other states have met with varying degrees of success. If OET is unable to obtain the needed documentation from another state, the employer may be required to obtain and submit the necessary documentation.

In some cases, employers may be required to obtain and submit to OET some or all of the necessary documentation. If the employer does not submit needed documentation with the *Individual Characteristics Form*, OET shall send a letter to the employer specifying what documentation the employer must submit. In most cases, OET cannot obtain documentation to verify an individual's age or address, veteran status, family size and income, felony conviction, or receipt of rehabilitative services from the Veterans Administration. **OET does not accept self-attestation (the employee's own written statement) or a statement provided by the employer as valid documentation for any WOTC criteria.**

## WOTC TARGET GROUPS

The following is a summary of the eight groups qualified for the WOTC Program, including the eligibility criteria and acceptable support documentation for each:

**A) Qualified IV-A Recipients** - refers to individuals who have received assistance under a state plan approved under Part A of Title IV of the Social Security Act relating to Aid to Families with Dependent Children (AFDC) or its successor program, Temporary Assistance for Needy Families (TANF), for at least 9 months during the 18-month period ending on the hiring date. The individual must be named in the welfare grant as a recipient of benefits, not merely as a member of the household. Note: AFDC/TANF is a monetary payment. A medical card; public housing; and assistance paying utility bills, transportation, child day care, etc. are not AFDC/TANF.

Suggested documentation: OET will verify for individuals who received such benefits from the Commonwealth of Kentucky. OET will attempt to verify for individuals who received such benefits in other states. For employees who received benefits from another state, an official benefit history **or** a signed statement on official stationery from a caseworker or other authority verifying the dates the individual received such benefits may be required. In addition, some states will not provide this information without a waiver for release of information form signed by the employee.

**B) Qualified Veterans** - refers to any person who:

- is a member of a family receiving assistance under the Food Stamp Program under the Food Stamp Act of 1977 for a 3-month period during the 15-months ending on the hiring date, **and**
- has served on active duty (other than active duty for training) in the Armed Forces of the United States for a period of more than 180 days, or was discharged or released from active duty in the Armed Forces of the United States for a service-connected disability, **and**
- did not have a period of active duty (not including training) of more than 90 days that ended during the 60 days ending on the hiring date.

Suggested documentation: The employer must obtain and submit verification of the employee's veteran status (e.g., a copy of a DD-214, **or** discharge papers, **or** a signed statement on official stationery from a reserve unit official or other authority). OET will verify receipt of food stamps if such benefits were received in Kentucky. OET will attempt to verify the receipt of food stamps in other states. When food stamps were received from another state, the employer may be required to obtain and submit documentation to verify receipt of such benefits (e.g., food stamp benefit history, **or** a signed statement on official stationery from a caseworker or other authority verifying the dates the individual received food stamps).



**C) Qualified Ex-Felons** - this target group refers to any person who:

- has been convicted of a felony under any statute of the United States or any State, **and**
- has a hiring date which is not more than one year after the date on which he/she was so convicted or the date released from prison (whichever occurred last), **and**
- is a member of an economically disadvantaged family (i.e., a family whose annualized gross income based on the previous six months does not exceed 70% of the Lower Living Standard Income Level (LLSIL) for the area in which the family resides).

Suggested documentation: Signed statement from a parole officer on official stationery, **or** official correctional institution records, **or** court record or extract, to verify felony conviction and release date; **and** pay stubs, **and/or** W-2 forms, **and/or** UI documents, **and/or** parole officer statement, **and/or** public assistance agency records, **and/or** social service agency records to verify family income and family size. For more information see the section entitled *Verifying WOTC-Eligibility for Qualified Ex-Felons*.

**D) High-Risk Youth** - refers to any person who:

- has attained age 18 but not yet 25 on the hiring date, **and**
- has his/her principal place of abode within a Federal Empowerment Zone, Enterprise Community, or Renewal Community (see section entitled *Kentucky's Federal Enterprise Communities, Empowerment Zones, and Renewal Communities*).

Suggested documentation: Birth certificate, driver's license, government issued ID, school ID card, **or** work permit to verify age, **and** a government issued ID, current utility bill, telephone bill, work permit, W-4 form **or** driver's license to verify place of abode.

**E) Vocational Rehabilitation Referral** - refers to any person who:

- has a physical or mental disability which, for that individual, constitutes or results in a substantial handicap to employment, **and**
- was hired by the employer while receiving or upon completing rehabilitative services pursuant to an individualized written plan of employment under a state plan for vocational rehabilitation services approved under the Rehabilitation Act of 1973, **or**
- a vocational rehabilitation program for veterans, carried out under Chapter 31 of Title 38, U.S. Code by the Department of Veterans Affairs.

Suggested documentation: OET will verify if such services were provided by the Kentucky Office of Vocational Rehabilitation. OET will attempt to obtain verification from other states, but may not be able to do so. If OET is unable to obtain the necessary documentation from another state, the employer must obtain and submit it (e.g., official

statement or other documentation that verifies that the employee is receiving or has completed rehabilitation services and has an individualized written plan of employment through a state vocational rehabilitation agency or the Veterans Administration).

**F) Qualified Summer Youth Employee** - refers to any person who:

- performs service for the employer between May 1 and September 15, **and**
- has attained age 16 but not yet 18 on the hiring date (or by May 1 of the calendar year involved), **and**
- has not been employed by the same employer prior to the 90 day (summer) period between May 1 and September 15, **and**
- has his/her principal place of abode within a Federal Empowerment Zone, Enterprise Community, or Renewal Community (see section entitled ***Kentucky's Federal Enterprise Communities, Empowerment Zones, and Renewal Communities***).

Suggested documentation: Birth certificate, government issued ID, school ID card, work permit, **or** driver's license to verify age; **and** a current utility bill, telephone bill, government issued ID, work permit, W-4 form **or** driver's license to verify address.

**G) Qualified Food Stamp Recipient** - refers to any person who:

- has attained age 18 but not yet 25 on the hiring date, **and**
- is a member of a family that has received assistance under a Food Stamp Program under the Food Stamp Act of 1977 for the 6-month period ending on the hiring date, **or**
- has received such assistance for at least 3 months of the 5-month period ending on the hiring date, in the case of an individual classified as an *Able-bodied Adult Without Dependents (ABAWD)* who is no longer eligible for such benefits due to failure to comply with the work requirements of the Food Stamp Program.

Suggested documentation: OET will verify age and receipt of food stamps if such benefits were received in Kentucky. OET will attempt to verify receipt of food stamps if received in other states. The employer may be required to obtain and submit proof of age and receipt of food stamp benefits from other states if OET is unable to obtain it (e.g., birth certificate, school ID card, work permit, **or** driver's license to verify age; **and** official benefit history, **or** signed statement on official stationery from a caseworker or other authority verifying the dates the individual received food stamps). In addition, some states will not provide this data without a waiver for release of information signed by the employee.

**H) Qualified SSI Recipient** - refers to any person who has received Supplemental Security Income (SSI) benefits under Title XVI of the *Social Security Act* (including Supplemental Security Income benefits of the type described in Section 1616 of such Act or section 212 of P.L. 93-66) for any month ending within the 60-day period ending on the hiring date.

Suggested documentation: OET can verify SSI benefits received by Kentucky residents, and can obtain such verification from some other states. If OET is unable to obtain the necessary documentation from another state, the employer shall be required to obtain and submit it (SSI record, evidence of issuance, or signed statement by an authorized official on official stationery). Do not submit copies of Social Security cards to OET, since they do not prove anything relevant to the WOTC program.

NOTE: The *Job Creation and Worker Assistance Act of 2002* created an additional WOTC-eligible group. However, this group is only available to employers in New York City who were directly impacted by the destruction of the World Trade Center on September 11, 2001. Therefore, this group is not relevant to employers in Kentucky and not included in this guide.

## **QUALIFIED WAGES AND SPECIAL RULES**

**Qualified First Year Wages** - The Work Opportunity Tax Credit is figured only on qualified first year wages paid or incurred to members of qualified groups who begin work for the employer after September 30, 1996, and which the employee earns during the one-year period which begins the day the employee starts work. However, by definition of the *Qualified Summer Youth Employee* group, only those wages earned between May 1 and September 15 are WOTC-qualified. In general, “qualified wages” for WOTC purposes refers to “wages” as defined by the Internal Revenue Code Section 3306.

**Continued Residence Within an Empowerment Zone, Enterprise Community, or Renewal Community** - An individual for whom the employer is issued an *Employer Certification* based upon the individual being determined to be a member of the *High Risk Youth* or *Qualified Summer Youth Employee* group (categories **D** and **F**) must continue to reside in the Empowerment Zone, Enterprise Community, or Renewal Community in order to remain WOTC-qualified and for the employer to be allowed to claim the tax credit after hiring him/her. For these groups, the term “qualified wages” shall not include wages paid or incurred while they lived outside of the Empowerment Zone, Enterprise Community, or Renewal Community. These are the only WOTC groups for which a member who was eligible on the date of hire may become ineligible for the tax credit after the hire date. A *Conditional Certification* issued to an individual certified as a *High Risk Youth* or *Qualified Summer Youth Employee* becomes invalid immediately if he/she changes his/her principal place of abode.

**Eligibility of Resident Aliens and Non-citizens** - Although an individual does not have to be a United States citizen (e.g. a resident alien) to be a member of a qualified group, the employee's citizenship status may affect whether wages paid to the individual are "qualified wages" for claiming the tax credit under the WOTC program.

**Agricultural and Railroad Employees** - a different wage definition applies to certain agricultural and railroad employees.

**Trade or Business Employment Wages** - To claim the tax credit on an employee's wages, over half of the wages paid during any tax year must be earned by the employee in an employer's trade or business. Therefore, domestic employees such as maids, chauffeurs, and others who work only in the employer's home are not qualified for the WOTC.

**On-the-Job Training Payments** - If for any period an employer receives Federally-funded payments for on-the-job training (OJT) for an employee, none of the wages paid to that employee for the OJT period qualify for WOTC. However, the time spent by the employee receiving on-the-job training qualifies the employer towards fulfilling the minimum employment period requirement (retention period). Thus, the employer may claim the tax credit for qualified first-year wages paid after the OJT period ends, if all other requirements are met, including those regarding timeliness in submission of the IRS 8850 form.

**Work Supplementation Payments** - The amount of wages, which would otherwise be qualified wages, is reduced by the amount of any payment received by the employer with respect to the employee under a program established under Section 414 of the Social Security Act.

**Nepotism** - No WOTC tax credit may be claimed for wages paid to a relative employed by the employer.

**Rehires** - An employer may not claim the WOTC on an employee who has been previously employed by that same employer.

For more information about qualified wages and special rules see IRS Form 5884, *Work Opportunity Credit*.

## **KENTUCKY'S FEDERAL ENTERPRISE COMMUNITIES, EMPOWERMENT ZONES, AND RENEWAL COMMUNITIES**

Residence in a Federal Empowerment Zone, Enterprise Community, or Renewal Community (EZ/EC/RC) is required for two of the WOTC-qualifying groups (**D** and **F**). In Kentucky, there are only a few areas that have been designated as such. The Kentucky Highlands Rural Empowerment Zone includes all of Clinton and Jackson Counties and the western "half" of Wayne County (census tract #9801, Mill Springs Census Division, and census tract #9804, Zula-Powersburg Census Division). McCreary County, Kentucky is part of a designated Rural Enterprise Community. Also, portions of the

cities of Louisville and Bowling Green have been designated as Enterprise Communities. Breathitt, Lee, Owsley, and Wolfe Counties are Renewal Communities.

Kentucky employers may hire WOTC-eligible workers who live in federal EZ/EC/RCs in states bordering Kentucky. These include, but are not limited to, all or portions of the following: Scott, Claiborne, Grainger, Hawkins, Hancock, and Union Counties in Tennessee; the city of Huntington and McDowell County, West Virginia; Cincinnati, Portsmouth and Ironton, Ohio; East Prairie, Missouri; and a few counties in Illinois, located northwest of Paducah.

Additional information in this regard may be found in the instructions for the IRS 8850 Form. The EZ/EC/RC home page on the Internet at <http://www.ezec.gov> enables one to enter an address to determine if it is within a Federal Enterprise Community, Empowerment Zone, or Renewal Community, or this information may be obtained by calling 1-800-998-9999, regarding the Urban Empowerment Zones, or 1-800-645-4712, regarding the Rural Empowerment Zones.

## **VERIFYING WOTC-ELIGIBILITY FOR *QUALIFIED EX-FELONS***

In order for OET to verify eligibility for the *Qualified Ex-Felons* group, it must be proven that the individual:

- has been convicted of a felony under any statute of the United States or any state, **and**
- has a hiring date which is not more than one year after the date on which he/she was convicted or was released from prison; **and**
- was a member of an economically disadvantaged family at the time of hire.

It is usually not difficult to verify that an individual has been convicted of a felony and was hired within a year of his/her release from prison or conviction date. However, proving that he/she was economically disadvantaged at the time of hire can be very difficult. To determine if the individual is a member of an economically disadvantaged family, OET must have proof of the individual's family size and gross family income for the six months prior to the date of hire. Documentation must be submitted to verify family size and relationships, including the names and social security numbers of each member of the household, the employee's relationship to each of them, and their gross income during the six months prior to the date of hire. Proof of income for each family member must be submitted, for example, pay stubs that show gross earnings. OET shall also access Kentucky's Unemployment Insurance wage records to verify income for family members, but only after all other criteria have been verified. **OET shall not accept the ex-felon's own statement (self-attestation) or that of the employer/employer representative as proof of family size or income or any other criteria.** The ex-felon's annualized family income (i.e., total gross income for the 6 months prior to hire doubled) may not exceed the 70% Lower Living Standard Income Level (LLSIL) for his/her family size. See the 70% LLSIL table at the end of this guide.

According to *ETA Handbook 408, Third Edition, November, 2002*, “a person 18 years of age or older ..... may be determined to be a *family of one* if he/she can demonstrate in a manner satisfactory to the SWA/DLA [Kentucky Office of Employment and Training], that he/she received less than 50% of support from the family during the months used for establishing economic eligibility, and who is not the principal earner, nor the spouse of the principal earner.” Therefore, if the employee was incarcerated for at least 90 days during the 6 months prior to the date of hire, OET shall assume that he/she received less than 50% of his support from the family during that period. When determining eligibility for the *Qualified Ex-Felons* group, such an individual shall be considered as a *family of one, if he/she is not the principal earner or the spouse of the principal earner*. If the individual had been incarcerated less than 90 days during the six months prior to the hire date, it shall be assumed that he/she received at least 50% of support from the family for the economic determination period (6 months prior to hire). Such an individual may not be considered as a *family of one*, unless other circumstances indicate that he/she is such (for example, if he/she lives alone or in a halfway house, or is over 55 years of age or a handicapped person).

If documentation of family size and family income is received and deemed acceptable, OET shall attempt to obtain verification of an individual’s ex-felon status from the Kentucky Department of Corrections. However, employers are encouraged to obtain documentation from the employee and submit it to OET to verify ex-felon status, including dates of conviction and release, especially if the employee was not incarcerated in a facility operated by the Kentucky Department of Corrections. OET shall not attempt to verify ex-felon status until the individual’s economically disadvantaged status has been confirmed.

## **EMPLOYER REPRESENTATIVES, CONTRACTORS & CONSULTING FIRMS**

An employer may use an intermediary (e.g. management consulting firm) to serve as an authorized representative to conduct WOTC program activities. In order for the Kentucky Office of Employment and Training (OET) to recognize such an intermediary as the employer’s authorized representative, an original or notarized copy of a document bestowing Power of Attorney upon the employer representative must be provided to OET. IRS Form 2848, *Power of Attorney and Declaration of Employer Representative*, may be used for this purpose. An equivalent document may also be used if deemed acceptable by the agency. Such a document need not be received by the agency at the time a request for certification is made; however, it must be on hand in order for OET to issue an *Employer Certification* to the employer representative. Such documents are to be mailed to Barbara Gilley, State WOTC Coordinator, at the address shown previously in this guide.

## WELFARE-TO-WORK (WtW) TAX CREDIT OVERVIEW

The Welfare-to-Work (WtW) Tax Credit is a federal tax credit for employers who hire individuals certified by OET as long-term recipients of cash welfare assistance, Aid to Families with Dependent Children (AFDC) or its successor, Temporary Assistance to Needy Families (TANF). A long-term family assistance recipient is an individual who:

- has received family assistance (i.e., AFDC/TANF benefits) for at least the 18 consecutive months ending on the hiring date; **or**
- has received family assistance for at least 18 months (whether or not consecutive) beginning after August 5, 1997, and has a hiring date that is not more than two years after the end of the earliest 18-month period; **or**
- after August 5, 1997, ceased to be eligible for family assistance because of either federal or state time limits on receipt of such benefits, for those hired within two years after exhausting their eligibility for AFDC/TANF. Note: Individuals may become ineligible for AFDC/TANF for a variety of reasons. Merely becoming no longer eligible does not necessarily qualify one for the WtW Tax Credit.

The Welfare-to-Work Tax Credit is equal to 35% of the first \$10,000 of qualifying wages paid to a certified employee during the first year of employment and 50% of the first \$10,000 in qualifying wages paid during the second year of employment, for a maximum \$8500 tax credit over a two-year period. In addition, for the WtW Tax Credit, wages may include certain tax-exempt amounts relating to accident and health coverage, educational assistance programs, and dependent care assistance programs, which are not included in the definition of qualifying wages for the WOTC.

The application and certification process for the WtW Tax Credit is the same as for the WOTC. Even the forms (IRS 8850, ETA-9061, ETA-9062, and ETA-9063) used are the same. However, in order for the employer to claim the WtW Tax Credit, the employee must work for the employer at least 400 hours or 180 days. The WtW Tax Credit is coordinated with the WOTC so that employers may claim both tax credits for the same individual, but not in the same taxable year. For further information on the tax-related aspects of these tax credits, call the Internal Revenue Service at 202-622-6060.

### 70% OF LOWER LIVING STANDARD INCOME LEVELS (LLSIL)

(To be used to determine the economically disadvantaged status of ex-felons)

**TABLE 1**

**TABLE 2**

**TABLE 3**

Family Size	Non-metro Area	Metro Area	Cincinnati Area
1	\$ 6,690	\$ 7,080	\$ 7,540
2	\$10,960	\$11,590	\$12,350
3	\$15,050	\$15,910	\$16,950
4	\$18,570	\$19,640	\$20,920
5	\$21,920	\$23,180	\$24,690
6	\$25,630	\$27,110	\$28,870
For each additional member add	\$ 3,710	\$ 3,930	\$ 4,180

Find the individual's county of residence on the list below to determine which of the above tables to use.

**COUNTY/TABLE**

Adair 1  
Allen 1  
Anderson 1  
Ballard 1  
Barren 1  
Bath 1  
Bell 1  
Boone 3  
Bourbon 2  
Boyd 2  
Boyle 1  
Bracken 1  
Breathitt 1  
Breckinridge 1  
Bullitt 2  
Butler 1  
Caldwell 1  
Calloway 1  
Campbell 3  
Carlisle 1

**COUNTY/TABLE**

Carroll 1  
Carter 2  
Casey 1  
Christian 2  
Clark 2  
Clay 1  
Clinton 1  
Crittenden 1  
Cumberland 1  
Daviess 2  
Edmonson 1  
Elliott 1  
Estill 1  
Fayette 2  
Fleming 1  
Floyd 1  
Franklin 1  
Fulton 1  
Gallatin 3  
Garrard 1

**COUNTY/TABLE**

Grant 3  
Graves 1  
Grayson 1  
Green 1  
Greenup 2  
Hancock 1  
Hardin 1  
Harlan 1  
Harrison 1  
Hart 1  
Henderson 2  
Henry 1  
Hickman 1  
Hopkins 1  
Jackson 1  
Jefferson 2  
Jessamin 2  
Johnson 1  
Kenton 3  
Knott 1

**COUNTY/TABLE**

Knox 1  
LaRue 1  
Laurel 1  
Lawrence 1  
Lee 1  
Leslie 1  
Letcher 1  
Lewis 1  
Lincoln 1  
Livingston 1  
Logan 1  
Lyon 1  
McCracken 1  
McCreary 1  
McLean 1  
Madison 2  
Magoffin 1  
Marion 1  
Marshall 1  
Martin 1

**COUNTY/TABLE**

Mason 1  
Meade 1  
Menifee 1  
Mercer 1  
Metcalf 1  
Monroe 1  
Montgomery 1  
Morgan 1  
Muhlenberg 1  
Nelson 1  
Nicholas 1  
Ohio 1  
Oldham 2  
Owen 1  
Owsley 1  
Pendleton 3  
Perry 1  
Pike 1  
Powell 1  
Pulaski 1

**COUNTY/TABLE**

Robertson 1  
Rockcastle 1  
Rowan 1  
Russell 1  
Scott 2  
Shelby 1  
Simpson 1  
Spencer 1  
Taylor 1  
Todd 1  
Trigg 1  
Trimble 1  
Union 1  
Warren 1  
Washington 1  
Wayne 1  
Webster 1  
Whitley 1  
Wolfe 1  
Woodford 2



**SAMPLE**

Form **8850**  
(Rev. October 2002)  
Department of the Treasury  
Internal Revenue Service

**Pre-Screening Notice and Certification Request for  
the Work Opportunity and Welfare-to-Work Credits**

OMB No. 1545-1500

▶ See separate instructions.

**Job applicant: Fill in the lines below and check any boxes that apply. Complete only this side.**

Your name Marvin Crump Social security number ▶ 123 45 6789  
Street address where you live 423 Spring St.  
City or town, state, and ZIP code Happyville, Ky 40014  
Telephone number (270) 325-6982  
If you are under age 25, enter your date of birth (month, day, year) 6/28/82

**Work Opportunity Credit**

- 1 ☐ Check here if you received a conditional certification from the state employment security agency (SESA) or a participating local agency for the work opportunity credit.
- 2 ☒ Check here if **any** of the following statements apply to you.
- I am a member of a family that has received assistance from Temporary Assistance for Needy Families (TANF) for any 9 months during the last 18 months.
  - I am a veteran and a member of a family that received food stamps for at least a 3-month period within the last 15 months.
  - I was referred here by a rehabilitation agency approved by the state or the Department of Veterans Affairs.
  - I am at least age 18 but **not** age 25 or older and I am a member of a family that:
    - a Received food stamps for the last 6 months **or**
    - b Received food stamps for at least 3 of the last 5 months, **but** is no longer eligible to receive them.
  - Within the past year, I was convicted of a felony or released from prison for a felony **and** during the last 6 months I was a member of a low-income family.
  - I received supplemental security income (SSI) benefits for any month ending within the last 60 days.

**Welfare-to-Work Credit**

- 3 ☐ Check here if you received a conditional certification from the SESA or a participating local agency for the welfare-to-work credit.
- 4 ☐ Check here if you are a member of a family that:
- Received TANF payments for at least the last 18 months, **or**
  - Received TANF payments for any 18 months beginning after August 5, 1997, **and** the earliest 18-month period beginning after August 5, 1997, ended within the last 2 years, **or**
  - Stopped being eligible for TANF payments within the last 2 years because Federal or state law limited the maximum time those payments could be made.

**All Applicants**

Under penalties of perjury, I declare that I gave the above information to the employer on or before the day I was offered a job, and it is, to the best of my knowledge, true, correct, and complete.

Job applicant's signature ▶

Marvin Crump

Date 3/13/02

**For Employer's Use Only**

Employer's name Howdy's Restaurant Telephone no. 270325-2896 EIN ▶ 61:005001

Street address 1010 Jumpstart Rd.

City or town, state, and ZIP code Happyville, Ky. 40014

Person to contact, if different from above \_\_\_\_\_ Telephone no. ( ) -

Street address \_\_\_\_\_

City or town, state, and ZIP code \_\_\_\_\_

If, based on the individual's age and home address, he or she is a member of group 4 or 6 (as described under **Members of Targeted Groups** in the separate instructions), enter that group number (4 or 6) . . . . . ▶ \_\_\_\_\_

Date applicant:      Gave information 3/13/02      Was offered job 3/13/02      Was hired 3/13/02      Started job 3/14/02

Under penalties of perjury, I declare that I completed this form on or before the day a job was offered to the applicant and that the information I have furnished is, to the best of my knowledge, true, correct, and complete. Based on the information the job applicant furnished on page 1, I believe the individual is a member of a targeted group or a long-term family assistance recipient. I hereby request a certification that the individual is a member of a targeted group or a long-term family assistance recipient.

Employer's signature ▶ Howdy Jones      Title Owner      Date 3/14/02

**Privacy Act and Paperwork Reduction Act Notice**

*Section references are to the Internal Revenue Code.*  
Section 51(d)(12) permits a prospective employer to request the applicant to complete this form and give it to the prospective employer. The information will be used by the employer to complete the employer's Federal tax return. Completion of this form is voluntary and may assist members of targeted groups and long-term family assistance recipients in securing employment. Routine uses of this form include giving it to the state employment security agency (SESA), which will contact appropriate sources to confirm that the applicant is a member of a targeted group or a long-term family assistance recipient. This form may also be given to the Internal Revenue Service

for administration of the Internal Revenue laws, to the Department of Justice for civil and criminal litigation, to the Department of Labor for oversight of the certifications performed by the SESA, and to cities, states, and the District of Columbia for use in administering their tax laws. In addition, we may disclose this information to Federal, state, or local agencies that investigate or respond to acts or threats of terrorism or participate in intelligence or counterintelligence activities concerning terrorism.  
You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:  
**Recordkeeping** . . . . . 2 hr., 46 min.  
**Learning about the law or the form** . . . . . 36 min.  
**Preparing and sending this form to the SESA** . . . . . 36 min.  
If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001.  
**Do not** send this form to this address. Instead, see **When and Where To File** in the separate instructions.



# SAMPLE

**Individual Characteristics Form  
Work Opportunity and  
Welfare-to-Work Tax Credits**

Employment and Training Administration



<b>1. CONTROL NO.</b> (For Agency Use Only)	<b>Individual Information</b> (Instructions on the Back)	<b>OMB Control No.:</b> 1205-0371  <b>2. DATE RECEIVED</b> (For Agency Use Only)
<b>3. EMPLOYER NAME/ADDRESS</b>  Howdy's Restaurant 1010 Jumpstart Rd. Happyville, Ky. 40014	<b>4. EMPLOYER FEDERAL ID NO.</b>  61-005001  <b>6. Have you worked for the above employer before?</b> Yes _____ No <input checked="" type="checkbox"/>	<b>5. EMPLOYMENT START DATE:</b>  Starting Wage: <u>3/14/02</u> \$ <u>6.00</u> per hour  POSITION: <u>Cook</u>
<b>7. NAME OF INDIVIDUAL (Last, First, Middle)</b> Crump, Marvin G.		<b>8. SOCIAL SECURITY NUMBER:</b> 123-45-6789
The above named individual is determined to have the following characteristics for WOTC Target Group Certification:		
<b>9. Age between 16 - 25?</b> Yes <input checked="" type="checkbox"/> No _____  If YES, indicate your "Date of Birth" below: Date of Birth: <u>6-28-82</u>	<b>10. Is a veteran and a member of a family that received Food Stamps for a period of at least 3 months in the last 15 months.</b> Yes _____ No <input checked="" type="checkbox"/> If YES, also complete Box 17.	<b>11. Is a member of a family that received AFDC (TANF) benefits for any 9 months in the last 18 months.</b> Yes _____ No <input checked="" type="checkbox"/> If YES, also complete Box 17.
<b>12. Is a member of a family that received Food Stamps for the last 6 months.</b> Yes <input checked="" type="checkbox"/> No _____ or  for at least a 3-month period within the last 5 months, BUT is no longer receiving them.  Yes _____ No <input checked="" type="checkbox"/> If YES to either, also complete Box 17.	<b>13. In the past year has been convicted of a felony or released from prison after a felony conviction.</b> Yes _____ No <input checked="" type="checkbox"/> If YES, complete below:  Date of Conviction _____  Date of Release _____  <b>Total Income for the 6 months prior to hire date for all family members living in the same household.</b>  <b>Total Income:</b> _____  <b>(If No Income, Enter 0 above)</b>  No. of family members living in the same household for the 6 mos., prior to hire date, including yourself: _____	<b>14. Lives and plans to continue living in a Federal Empowerment Zone, Enterprise or Renewal Community.</b>  Yes _____ No <input checked="" type="checkbox"/>  <b>16. Received Supplemental Security Income (SSI) benefits for any month ending within the last 60 days.</b> Yes _____ No <input checked="" type="checkbox"/>  <b>17. If individual is not a primary recipient of benefits, please provide the following:</b>  <b>Name of Primary Recipient</b> _____  <b>City/State of Benefits</b> _____

This section is to be completed by individuals starting to work after December 31, 1997, under the Welfare-to-Work Tax Credit only.

**18. Is a member of a family that:**

- \* Has received TANF payments for at least the last 18 consecutive months; Yes \_\_\_\_\_ No ☒ or
- \* Has received/is receiving TANF payments for any 18 months starting after August 5, 1997; and the earliest 18-month period beginning after August 5, 1997, ended within the last 2 years; or Yes \_\_\_\_\_ No ☒ or
- \* Stopped being eligible for TANF payments within the last 2 years because Federal or state law limited the maximum time those payments could be made. Yes \_\_\_\_\_ No ☒

**19. SOURCES USED TO DOCUMENT ELIGIBILITY:**

**Note:** I certify that the information is true and correct to the best of my knowledge. I understand that the information above may be subject to verification. **The signature of the party completing this form is required below.**

<b>20. SIGNATURE:</b> Howdy Jones	<b>21. DATE:</b> 3/14/02
--------------------------------------	-----------------------------

ETA-9061 (Rev. July 2002)

# Pre-Screening Notice and Certification Request for the Work Opportunity and Welfare-to-Work Credits

OMB No. 1545-1500

► See separate instructions.

**Job applicant: Fill in the lines below and check any boxes that apply. Complete only this side.**

Your name \_\_\_\_\_ Social security number ► \_\_\_\_\_

Street address where you live \_\_\_\_\_

City or town, state, and ZIP code \_\_\_\_\_

Telephone number ( ) - \_\_\_\_\_

If you are under age 25, enter your date of birth (month, day, year) \_\_\_\_ / \_\_\_\_ / \_\_\_\_

## Work Opportunity Credit

- 1 ☐ Check here if you received a conditional certification from the state employment security agency (SESA) or a participating local agency for the work opportunity credit.
- 2 ☐ Check here if **any** of the following statements apply to you.
- I am a member of a family that has received assistance from Temporary Assistance for Needy Families (TANF) for any 9 months during the last 18 months.
  - I am a veteran and a member of a family that received food stamps for at least a 3-month period within the last 15 months.
  - I was referred here by a rehabilitation agency approved by the state or the Department of Veterans Affairs.
  - I am at least age 18 but **not** age 25 or older and I am a member of a family that:
    - a Received food stamps for the last 6 months **or**
    - b Received food stamps for at least 3 of the last 5 months, **but** is no longer eligible to receive them.
  - Within the past year, I was convicted of a felony or released from prison for a felony **and** during the last 6 months I was a member of a low-income family.
  - I received supplemental security income (SSI) benefits for any month ending within the last 60 days.

## Welfare-to-Work Credit

- 3 ☐ Check here if you received a conditional certification from the SESA or a participating local agency for the welfare-to-work credit.
- 4 ☐ Check here if you are a member of a family that:
- Received TANF payments for at least the last 18 months, **or**
  - Received TANF payments for any 18 months beginning after August 5, 1997, **and** the earliest 18-month period beginning after August 5, 1997, ended within the last 2 years, **or**
  - Stopped being eligible for TANF payments within the last 2 years because Federal or state law limited the maximum time those payments could be made.

## All Applicants

Under penalties of perjury, I declare that I gave the above information to the employer on or before the day I was offered a job, and it is, to the best of my knowledge, true, correct, and complete.

**Job applicant's signature** ► \_\_\_\_\_

**Date** \_\_\_\_ / \_\_\_\_ / \_\_\_\_

**For Employer's Use Only**

Employer's name \_\_\_\_\_ Telephone no. ( ) - EIN ▶ \_\_\_\_\_

Street address \_\_\_\_\_

City or town, state, and ZIP code \_\_\_\_\_

Person to contact, if different from above \_\_\_\_\_ Telephone no. ( ) -

Street address \_\_\_\_\_

City or town, state, and ZIP code \_\_\_\_\_

If, based on the individual's age and home address, he or she is a member of group 4 or 6 (as described under **Members of Targeted Groups** in the separate instructions), enter that group number (4 or 6) . . . . . ▶ \_\_\_\_\_

Date applicant:	Gave information	/	/	Was offered job	/	/	Was hired	/	/	Started job	/	/
-----------------	---------------------	---	---	-----------------------	---	---	--------------	---	---	----------------	---	---

Under penalties of perjury, I declare that I completed this form on or before the day a job was offered to the applicant and that the information I have furnished is, to the best of my knowledge, true, correct, and complete. Based on the information the job applicant furnished on page 1, I believe the individual is a member of a targeted group or a long-term family assistance recipient. I hereby request a certification that the individual is a member of a targeted group or a long-term family assistance recipient.

<b>Employer's signature ▶</b>	<b>Title</b>	<b>Date</b>	/	/
-------------------------------	--------------	-------------	---	---

## Privacy Act and Paperwork Reduction Act Notice

*Section references are to the Internal Revenue Code.*

Section 51(d)(12) permits a prospective employer to request the applicant to complete this form and give it to the prospective employer. The information will be used by the employer to complete the employer's Federal tax return. Completion of this form is voluntary and may assist members of targeted groups and long-term family assistance recipients in securing employment. Routine uses of this form include giving it to the state employment security agency (SESA), which will contact appropriate sources to confirm that the applicant is a member of a targeted group or a long-term family assistance recipient. This form may also be given to the Internal Revenue Service

for administration of the Internal Revenue laws, to the Department of Justice for civil and criminal litigation, to the Department of Labor for oversight of the certifications performed by the SESA, and to cities, states, and the District of Columbia for use in administering their tax laws. In addition, we may disclose this information to Federal, state, or local agencies that investigate or respond to acts or threats of terrorism or participate in intelligence or counterintelligence activities concerning terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

**Recordkeeping** . . . . . 2 hr., 46 min.

**Learning about the law or the form** . . . . . 36 min.

**Preparing and sending this form to the SESA** . . . . . 36 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001.

**Do not** send this form to this address. Instead, see **When and Where To File** in the separate instructions.



# Instructions for Form 8850



Department of the Treasury  
Internal Revenue Service

(Rev. October 2002)

## Pre-Screening Notice and Certification Request for the Work Opportunity and Welfare-to-Work Credits

Section references are to the Internal Revenue Code unless otherwise noted.

### General Instructions

#### Changes To Note

- The categories of high-risk youth and summer youth employees now include qualified individuals who live in renewal communities and begin work for you after December 31, 2001.
- The work opportunity credit and the welfare-to-work credit are now allowed for qualified individuals who begin work for you before January 1, 2004.

#### Purpose of Form

Employers use Form 8850 to pre-screen and to make a written request to a state employment security agency (SESA) to certify an individual as:

- A member of a targeted group for purposes of qualifying for the work opportunity credit or
- A long-term family assistance recipient for purposes of qualifying for the welfare-to-work credit.

Submitting Form 8850 to the SESA is but one step in the process of qualifying for the work opportunity credit or the welfare-to-work credit. The SESA must certify the job applicant is a member of a targeted group or is a long-term family assistance recipient. After starting work, the employee must meet the minimum number-of-hours-worked requirement for the work opportunity credit or the minimum number-of-hours, number-of-days requirement for the welfare-to-work credit. The employer may elect to take the applicable credit by filing **Form 5884**, Work Opportunity Credit, or **Form 8861**, Welfare-to-Work Credit.

**Note:** Do not use Form 8850 with respect to New York Liberty Zone business employees. Certification is not required for these employees. See **Form 8884**, New York Liberty Zone Business Employee Credit, for details.

#### Who Should Complete and Sign the Form

The job applicant gives information to the employer on or before the day a job offer is made. This information is entered on Form 8850. Based on the applicant's information, the employer determines whether or not he or she believes the applicant is a member of a targeted group (as defined under **Members of Targeted Groups** on page 2) or a long-term family assistance recipient (as defined under **Welfare-to-Work Job Applicants** on page 2). If the employer believes the applicant is a member of

a targeted group or a long-term family assistance recipient, the employer completes the rest of the form no later than the day the job offer is made. Both the job applicant and the employer must sign Form 8850 no later than the date for submitting the form to the SESA.

### Instructions for Employer

#### When and Where To File

**Do not** file Form 8850 with the Internal Revenue Service. Instead, file it with the work opportunity tax credit (WOTC) coordinator for your SESA no later than the 21st day after the job applicant begins work for you. You may be able to file Form 8850 electronically. See Announcement 2002-44 for details. You can find Announcement 2002-44 on page 809 of Internal Revenue Bulletin 2002-17 at [www.irs.gov/pub/irs-irbs/irb02-17.pdf](http://www.irs.gov/pub/irs-irbs/irb02-17.pdf).

To get the name, address, phone and fax numbers, and e-mail address of the WOTC coordinator for your SESA, visit the Department of Labor Employment and Training Administration (ETA) web site at [www.ows.doleta.gov/employ/tax.asp](http://www.ows.doleta.gov/employ/tax.asp).

#### Additional Requirements for Certification

In addition to filing Form 8850, you must complete and send to your state's WOTC coordinator **either**:

- **ETA Form 9062**, Conditional Certification Form, if the job applicant received this form from a participating agency (e.g., the Jobs Corps) **or**
- **ETA Form 9061**, Individual Characteristics Form, if the job applicant did not receive a conditional certification.

You can get ETA Form 9061 from your local public employment service office, or you can download it from the ETA web site at [www.ows.doleta.gov](http://www.ows.doleta.gov).

#### Recordkeeping

Keep copies of Forms 8850, along with any transmittal letters that you submit to your SESA, as long as they may be needed for the administration of the Internal Revenue Code provisions relating to the work opportunity credit and the welfare-to-work credit. Records that support these credits usually must be kept for 3 years from the date any income tax return claiming the credits is due or filed, whichever is later.

## Members of Targeted Groups

A job applicant may be certified as a member of a targeted group if he or she is described in one of the following groups.

**1. Qualified IV-A recipient.** A member of a family receiving assistance under a state plan approved under part A of title IV of the Social Security Act relating to Temporary Assistance for Needy Families (TANF). The assistance must be received for any 9 months during the 18-month period that ends on the hiring date.

**2. Qualified veteran.** A veteran who is a member of a family receiving assistance under the Food Stamp program for generally at least a 3-month period during the 15-month period ending on the hiring date. See section 51(d)(3). To be considered a **veteran**, the applicant must:

- Have served on active duty (not including training) in the Armed Forces of the United States for more than 180 days or have been discharged for a service-connected disability and

- Not have a period of active duty (not including training) of more than 90 days that ended during the 60-day period ending on the hiring date.

**3. Qualified ex-felon.** An ex-felon who:

- Has been convicted of a felony under any Federal or state law,

- Is hired not more than 1 year after the conviction or release from prison for that felony, and

- Is a member of a family that had income on an annual basis of 70% or less of the Bureau of Labor Statistics lower living standard during the 6 months preceding the earlier of the month the income determination occurs or the month in which the hiring date occurs.

**4. High-risk youth.** An individual who is at least 18 but not yet 25 on the hiring date and lives in an empowerment zone, enterprise community, or renewal community.

**5. Vocational rehabilitation referral.** An individual who has a physical or mental disability resulting in a substantial handicap to employment and who was referred to the employer upon completion of (or while receiving) rehabilitation services under a state plan of employment or a program approved by the Department of Veterans Affairs.

**6. Summer youth employee.** An individual who:

- Performs services for the employer between May 1 and September 15,

- Is age 16 but not yet age 18 on the hiring date (or if later, on May 1),

- Has never worked for the employer before, and

- Lives in an empowerment zone, enterprise community, or renewal community.

**7. Food stamp recipient.** An individual who:

- Is at least age 18 but not yet age 25 and
- Is a member of a family that—

- a. Has received food stamps for the 6-month period ending on the hiring date or

- b. Is no longer eligible for such assistance under section 6(o) of the Food Stamp Act of 1977, but the family received food stamps for at least 3 months of the 5-month period ending on the hiring date.

**8. SSI recipient.** An individual who is receiving supplemental security income benefits under title XVI of the Social Security Act (including benefits of the type described in section 1616 of the Social Security Act or section 212 of Public Law 93-66) for any month ending within the 60-day period ending on the hiring date.

**Empowerment zones, enterprise communities, and renewal communities.** For details about rural empowerment zone and enterprise communities, you can access [www.ezec.gov](http://www.ezec.gov), call 1-800-645-4712, or contact your SESA. For details on all empowerment zones, enterprise communities, and renewal communities, you can access <http://hud.esri.com/locateservices/ezec>. You can also call HUD at 1-800-998-9999 for details on renewal communities, urban empowerment zones, and urban enterprise communities.

**Note:** *Parts of Washington, DC, are treated as an empowerment zone. For details, see section 1400 and Notice 98-57, 1998-2 C.B. 671 (you can find Notice 98-57 on page 9 of Internal Revenue Bulletin 1998-47 at [www.irs.gov/pub/irs-irbs/irb98-47.pdf](http://www.irs.gov/pub/irs-irbs/irb98-47.pdf)). Also, there are no areas designated in Puerto Rico, Guam, or any U.S. possession.*

## Welfare-to-Work Job Applicants

An individual may be certified as a long-term family assistance recipient if he or she is a member of a family that:

- Has received TANF payments for at least 18 consecutive months ending on the hiring date, **or**

- Receives TANF payments for any 18 months (whether or not consecutive) beginning after August 5, 1997, **and** the earliest 18-month period beginning after August 5, 1997, ended within the last 2 years, **or**

- Stopped being eligible for TANF payments because Federal or state law limits the maximum period such assistance is payable **and** the individual is hired not more than 2 years after such eligibility ended.

Individual Characteristics Form  
Work Opportunity and  
Welfare-to-Work Tax Credits

U.S. Department of Labor  
Employment and Training Administration



1. CONTROL NO. (For Agency Use Only)	<b>Individual Information (Instructions on the Back)</b>	OMB Control No.: 1205-0371
		2. DATE RECEIVED (For Agency Use Only)

3. EMPLOYER NAME/ADDRESS	4. EMPLOYER FEDERAL ID NO.	5. EMPLOYMENT START DATE:  Starting Wage: \$ _____ per hour  POSITION:
	6. Have you worked for the above employer before?  Yes _____ No _____	

7. NAME OF INDIVIDUAL (Last, First, Middle)	8. SOCIAL SECURITY NUMBER:
---	----------------------------

**The above named individual is determined to have the following characteristics for WOTC Target Group Certification:**

9. Age between 16 - 25?  Yes _____ No _____  If YES, indicate your "Date of Birth" below: Date of Birth: _____	10. Is a veteran and a member of a family that received Food Stamps for a period of at least 3 months in the last 15 months.  Yes _____ No _____ If YES, also complete Box 17.	11. Is a member of a family that received <b>AFDC (TANF) benefits</b> for any 9 months in the last 18 months.  Yes _____ No _____ If YES, also complete Box 17.
12. Is a member of a family that received Food Stamps for the last 6 months.  Yes _____ No _____ or  for at least a 3-month period within the last 5 months, BUT is no longer receiving them.  Yes _____ No _____ If YES to either, also complete Box 17.	13. In the past year has been <u>convicted</u> of a felony or <u>released</u> from prison after a felony conviction.  Yes _____ No _____ If YES, complete below:  Date of Conviction _____  Date of Release _____  <b>Total Income</b> for the <b>6 months prior</b> to hire date for all family members living in the same household.  <b>Total Income:</b> _____  <b>(If No Income, Enter 0 above)</b>  No. of family members living in the same household for the 6 mos., prior to hire date, including yourself: _____	14. Lives and plans to continue living in a Federal <b>Empowerment Zone, Enterprise or Renewal Community.</b>  Yes _____ No _____  16. Received Supplemental Security Income (SSI) benefits for any month ending within the last 60 days.  Yes _____ No _____  17. If individual is not a primary recipient of benefits, please provide the following:  Name of Primary Recipient _____  City/State of Benefits _____
15. Is receiving or has received <b>Rehabilitation Services</b> through a State Rehabilitation Services program or the Veterans' Administration.  Yes _____ No _____		

**This section is to be completed by individuals starting to work after December 31, 1997, under the Welfare-to-Work Tax Credit only.**

18. Is a member of a family that:	
* Has received TANF payments for at least the last 18 consecutive months;	Yes _____ No _____ or
* Has received/is receiving TANF payments for any 18 months starting after August 5, 1997; and the earliest 18-month period beginning after August 5, 1997, ended within the last 2 years; or	Yes _____ No _____ or
* Stopped being eligible for TANF payments within the last 2 years because Federal or state law limited the maximum time those payments could be made.	Yes _____ No _____
19. SOURCES USED TO DOCUMENT ELIGIBILITY:	

**Note:** I certify that the information is true and correct to the best of my knowledge. I understand that the information above may be subject to verification. **The signature of the party completing this form is required below.**

20. SIGNATURE:	21. DATE:
----------------	-----------



**INSTRUCTIONS FOR COMPLETING THE INDIVIDUAL CHARACTERISTICS FORM (ICF) ETA 9061.** This form is used in conjunction with IRS Form 8850 to determine eligibility for the Work Opportunity and Welfare-to-Work Tax Credits. The form may be completed by the applicant, the employer or employer representative/consultant, the SWA/DLA or the Participating Agency and signed by the person or agency filling out this form. This form is required to be used, without modification by all employers and/or their representatives.

- Box 1: Control Number (for agency use only).** The SWA/DLA or participating agency determines the Control Number. It may be a Social Security Number, case number, or other appropriate designation which permits easy filing, identification and retrieval of forms. Enter this number here.
- Box 2: Date (for agency use only).** Enter the month, day, and year when the form is received.
- Box 3: Employer Name/Address.** Enter the name and address including zip code and telephone number of the employer applying for a WOTC Employer Certification.
- Box 4: Employer Federal ID No.** Enter employer's federal taxpayer identification number.
- Box 5: Employment-Start Date/Wage/Position or Title.** Enter the employment start date, the starting hourly wage, which the employee will be paid. If not known, enter an estimated wage to be paid. Also, enter the job or position title, under which the individual or prospective employee will be performing for this employer.
- Box 6: Previous Employment for This Employer.** This requires a YES or NO answer. Enter a check mark (✓) in the corresponding blank.
- Box 7: Name of Individual.** Enter full name of individual or prospective employee.
- Box 8: Social Security Number.** Enter individual's social security number here.
- Boxes 9 through 16 Read each box carefully.** Enter a check mark (✓) to indicate if your answer is a YES or a NO. Provide additional information where requested for either the WOTC or the WtW tax credit's target group eligibility.
- Box 17: Name and Address.** Enter name and address of individual who is the primary recipient of benefits.
- Box 19. Sources to Document Eligibility.** List and/or describe the documentary\* evidence or sources of collateral contacts that are attached to this form (ICF) or that will be provided. Indicate in parentheses, next to each document listed whether it is attached or forthcoming. Some examples are provided below. Employers may also obtain a letter from the agency that administers a relevant program, stating that the employee or a member of his/her household meets one of the eligibility requirements.

**Examples of Documentary Evidence or Collateral Contacts: Examples Continued:**

**AGE/BIRTHDATE:**

- (Required for High-Risk Summer Youth & Food Stamp)
- Birth Certificate
  - Driver's License
  - School I.D. Card\*
  - Work Permit
  - Federal/State/Local Gov't I.D.\*
  - Hospital Record of Birth

**FAMILY INCOME:**

- (Required for Ex-Felon)
- Pay Stubs
  - Employer Contacts
  - W-2 Forms
  - UI Documents
  - Public Assistance Records of No. of Months Benefits Were Received.
  - Family Members' Statements
  - Parole Officer's Name
  - Parole Officer Statements

**VOCATIONAL REHABILITATION REFERRAL:**

- Voc. Rehab. Agency Contact
- Social Services Agency Contact
- Veterans' Administration

**EX-FELON STATUS:**

- Parole Officer's Name
- Correction's Institution Records
- Court Record, Extracts

**AFDC (IV-A) RECIPIENT:**

- AFDC/TANF Benefit History
- Signed Statement From Authorized Individual w/Specific Description
- Case Number

**FOOD STAMP RECIPIENT:**

- Food Stamp Benefit History
- Signed Statement From Authorized Individual w/Specific Description of Months Benefits Were Received.
- Case Number Identifier

**SSI RECIPIENT:**

- SSI Record or Authorization
- SSI Contact
- Evidence of SSI Issuance

**NUMBER IN FAMILY:**

- Public Assistance
- Social Services Agencies

**VETERANS' STATUS:**

- DD-214
- Reserve Unit Contacts
- Discharge Papers\*

**VOCATIONAL REHABILITATION REFERRAL:**

- Voc. Rehab. Agency Contact
- Signed statement from authorized individual w/specific description of months benefits received
- Veterans Administration Records

**AFDC/TANF & LONG-TERM ASSISTANCE RECIPIENT**

- AFDC/TANF Benefits History
- Signed statement from authorized individual with specific description of months benefits received
- Case Number Identifier

**EMPOWERMENT ZONES/ENTERPRISE/RENEWAL COMMUNITIES:**

- Driver's License
- Work Permit
- Utility Bills
- Signed Statement From Authorized Individual w/Specific Description
- Lease Document
- Voter Registration Card
- Food Stamp Award Letter
- Social Security Agency Letter
- Library Card\*\*
- Landlord's Statement
- Letter From Social Service Agencies
- School Records
- Medicaid/Medicare Card
- Property Tax Record
- Public Assistance Records
- Rent Receipts
- School I.D. Card
- W-4
- Selective Service Registration Card

**NOTE:** This list is not an exhaustive list. For more information, contact your WOTC public State Workforce Agency.

\* Where any item of documentation such as a Federal I.D. Card does not contain age or birthdate, the SWA/DLA must obtain another documentary source to verify the individual's age.

\*\* Where any item of documentary evidence, such as library card does not contain the holder's address, the SWA/DLA must obtain documentary evidence issued in the jurisdiction where the EZ/EC or RC is located showing the holder's address.

**Box 20. Signature.** If applicant completes this form, he/she must enter signature here. If applicant is a minor, the parent or guardian should sign this box. If form is completed by the employer or his/her representative, enter corresponding signature here. If form was completed by the intake staff of a SWA/DLA or participating agency, enter corresponding signature in this box.

**Box 21. Date.** Enter the month, day and year when the form was completed.

---

Persons are not required to respond to this collection of information unless it displays a currently valid OMB Control number. Respondent's obligation to reply to these requirements is required to obtain and retain benefits per P.L. 104-188. Public reporting burden for this collection of information is estimated to average 20 minutes per response, including the time for reading instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the U.S. Department of Labor, U.S. Employment Service, Room C-4514, Washington, D.C. 20210 (Paperwork Reduction Project 1205-0371).

---

-----  
(Cut along dotted line and keep in your files)

**TO THE JOB APPLICANT OR EMPLOYEE:**

THE INFORMATION AND THE SUPPORTING DOCUMENTATION YOU HAVE PROVIDED IN COMPLETING THIS FORM--OR IN SOME CASES OTHER INFORMATION THAT COULD VERIFY THE RESPONSES YOU HAVE GIVEN TO THE ITEMS/QUESTIONS IN THIS FORM--WILL BE DISCLOSED BY YOUR EMPLOYER TO THE STATE WORKFORCE AGENCY (SWA) [ENTER CORRESPONDING SWA NAME HERE]

---

IN ORDER TO QUALIFY FOR A FEDERAL EMPLOYER TAX CREDIT. PROVISION OF THIS INFORMATION IS VOLUNTARY. HOWEVER, THE INFORMATION IS REQUIRED FOR YOUR EMPLOYER TO RECEIVE THE FEDERAL TAX CREDIT. IF THE INFORMATION YOU PROVIDE IS ON A MEMBER OF YOUR FAMILY, YOU SHOULD PROVIDE HIM/HER A COPY OF THIS NOTICE.

The Kentucky Education Cabinet and the Office of Employment and Training do not discriminate on the basis of race, color, national origin, sex, disability, age, religion, or marital status in the provision of services or employment practices in accordance with Title VI and Title VII of the Civil Rights Act of 1964, Title IX of the Educational Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act (ADA) of 1990.

**PRINTED WITH STATE AND FEDERAL FUNDS**